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TAGS: [PGOV](#) [PREL](#) [PINR](#) [UP](#)
SUBJECT: ORANGE COALITION ENDS; CLOCK STARTS ON NEW
COALITION -- OR NEW ELECTIONS

REF: KYIV 1804

Classified By: Ambassador William Taylor for reasons 1.4(b,d).

Summary

1. (C) As expected, on September 16 Rada Speaker Yatsenyuk announced the termination of the Orange Coalition, starting the 30-day clock on formation of a new coalition and, failing that, providing the option for President Yushchenko to call new elections. With parties continuing to jockey for advantage, a Tymoshenko Bloc (BYuT)/Regions alliance has emerged as a leading coalition contender, while a return of the terminated BYuT/OU-PSD coalition (possibly with inclusion of the Lytvyn Bloc) appears less likely. Interior Minister Lutsenko told Ambassador that a BYuT/Regions coalition was the best available option because it would provide stability and avoid another destabilizing round of parliamentary elections which would only "help Russia." Lutsenko confessed he could not fathom Yushchenko's motives; Yushchenko's uncompromising stand was pushing the country toward new elections which were likely to be disastrous -- for stability in the country and for Yushchenko's OU. End Summary.

The End of the Coalition: The Rada Moves On

2. (U) Rada Speaker Arseniy Yatsenyuk opened the Rada plenary session September 16 by announcing the end of the BYuT/OU-PSD coalition. The announcement, widely anticipated, elicited no visible reaction in the chamber. On September 17, Yatsenyuk announced his resignation from the Speaker's chair, saying that he would continue in his position until the Rules Committee confirmed his resignation. Bills considered on the first two days of the session were non-controversial, including an amendment to environmental laws, and an amendment to the law on private notaries.

3. (U) MP Roman Zvarych, Our Ukraine (OU) deputy faction leader, issued a statement noting that if PM Tymoshenko did not submit her resignation, OU cabinet members were likely to submit their resignations independently. Regions MP Hanna Herman called on Tymoshenko to follow Yatsenyuk's example and resign, as called for in the coalition agreement. After the collapse of the coalition, Tymoshenko on September 16 expressed hope that the current crisis would pass and her cabinet would continue to work "for a long time." BYuT MP Kozhemyakin, speaking for the party, said that BYuT would not recommend Tymoshenko resign.

Interior Minister: BYuT/Regions Offers Stability

4. (C) In a meeting September 16, Interior Minister and PSD faction leader Lutsenko told the Ambassador that, although he "didn't like it," he had come to the conviction that a BYuT-Regions Coalition was the best way, perhaps the only

way, to achieve political stability in Ukraine at the present time. Repeated elections are undermining respect for democracy, disrupting economic and political reforms, and accentuating divisions in Ukrainian society. Lutsenko asserted that if there were early parliamentary elections this year -- on top of parliamentary elections in each of the last two years, and followed by presidential elections in late 2009/early 2010 and local elections in 2011 -- the only winner would be Russia. He underlined that an expression of USG support for a Regions/BYuT coalition would be a helpful signal.

15. (C) Lutsenko lamented that Yushchenko's OU would not engage in discussions with BYuT to resurrect the Coalition. He confessed he could not understand the motivations of Yushchenko and Presidential Chief of Staff Baloha. They were pushing Ukraine toward early elections which would not only be destabilizing for the country, but also likely disastrous for OU and Baloha's United Center party. Lutsenko reiterated that constant elections were tearing Ukrainians apart.

16. (C) A BYuT/Regions coalition may not be palatable for all their faction members, however. Lutsenko speculated that up to 30 members of the Akhmetov grouping of Regions and up to 30 BYuT members might balk at the pairing. This would leave a BYuT/Regions coalition with a comfortable majority, but without the super-majority necessary to enact constitutional changes. Lutsenko speculated that in a BYuT/Regions coalition, Tymoshenko would remain Prime Minister with Viktor Yanukovych as Speaker. He remarked that Tymoshenko seeks power: if power rested at the Ministry of Culture, "she would be Culture Minister."

17. (C) Lutsenko posited that a two-party system would be dangerous for Ukrainian unity, leading to a possible East/West split of the country. He said Ukraine needs to maintain a third, center force to bind Ukraine together. He said that his PSD had served as a force to bring Tymoshenko and Yushchenko together. With the Orange split, PSD was largely a spent force. "We will need a new force for the center," he observed.

Jockeying for a Coalition -- or Early Elections

18. (C) MP Ksenia Lyapina (OU) told us that to reform the coalition and add Lytvyn, BYuT would need to adopt OU's position on Georgia and Russian aggression, including a denunciation of the Black Sea Fleet's role, and repudiate their September 2 votes with Regions on laws to weaken the presidency. Taking a swipe at BYuT's position, MP Zvarych told emboff that "Georgia is not just about Georgia - it is about Russian aggression," and Ukraine cannot ignore that fact. Zvarych said that if no coalition forms in 30 days, he did not foresee Yushchenko calling new elections "on day 31," saying Yushchenko would wait to do so "when it is to his advantage."

19. (C) PSD MP Kyrylo Kulikov told us that PSD is pushing for an OU-PSD/BYuT/Lytvyn coalition, but OU members appeared interested only in new elections. He said that OU "won't face the reality" that they have little support and would suffer in new elections, and that OU and PSD had "crossed the Rubicon" and would not be together in future elections. He speculated that PSD could try to form a new platform with Chairman of the Rada's Security and Defense Committee, Anatoliy Hrytsenko, and the Klitchko Bloc, or could move to join BYuT, adding that "PSD cannot make it on its own."

110. (C) Kulikov predicted that BYuT and Regions would form a coalition within 30 days, avoiding early elections. MP Vitaliy Homutinik (Regions) was not so confident, telling us that BYuT and Regions supporters are "too different." MP Serhiy Sobolev (BYuT) told us not to expect a new coalition for at least two weeks, noting that Regions would likely procrastinate on any final coalition negotiations. Regions MP Levochkin said that should BYuT and Regions form a coalition, Regions would be entitled to the PM position in a new

government based on their greater Rada numbers.

¶11. (SBU) Factions are preparing for early elections even as coalition talks continue. BYuT representatives say Tymoshenko is mobilizing MPs to get ready to campaign. Observers note recent opinion polls have encouraged Tymoshenko to take a more positive view on her election prospects.

Comment

¶12. (C) Since his party had allied with Yushchenko's OU, Minister Lutsenko's call for a BYuT/Regions pairing is significant. A BYuT-Regions pairing remains the leading contender at present, although there are many snags that could impede a deal. Lytvyn and BYuT appeared willing to join with OU/PSD in a revived version of the Orange Coalition, but OU's adherence to preconditions have made that scenario less likely. Early elections or the continuation of the present government without a coalition are two other scenarios which will emerge should coalition formulation fail. The first two days of the 30-day coalition formulation period passed quietly, with little evident urgency to bring the matter to a conclusion.

TAYLOR